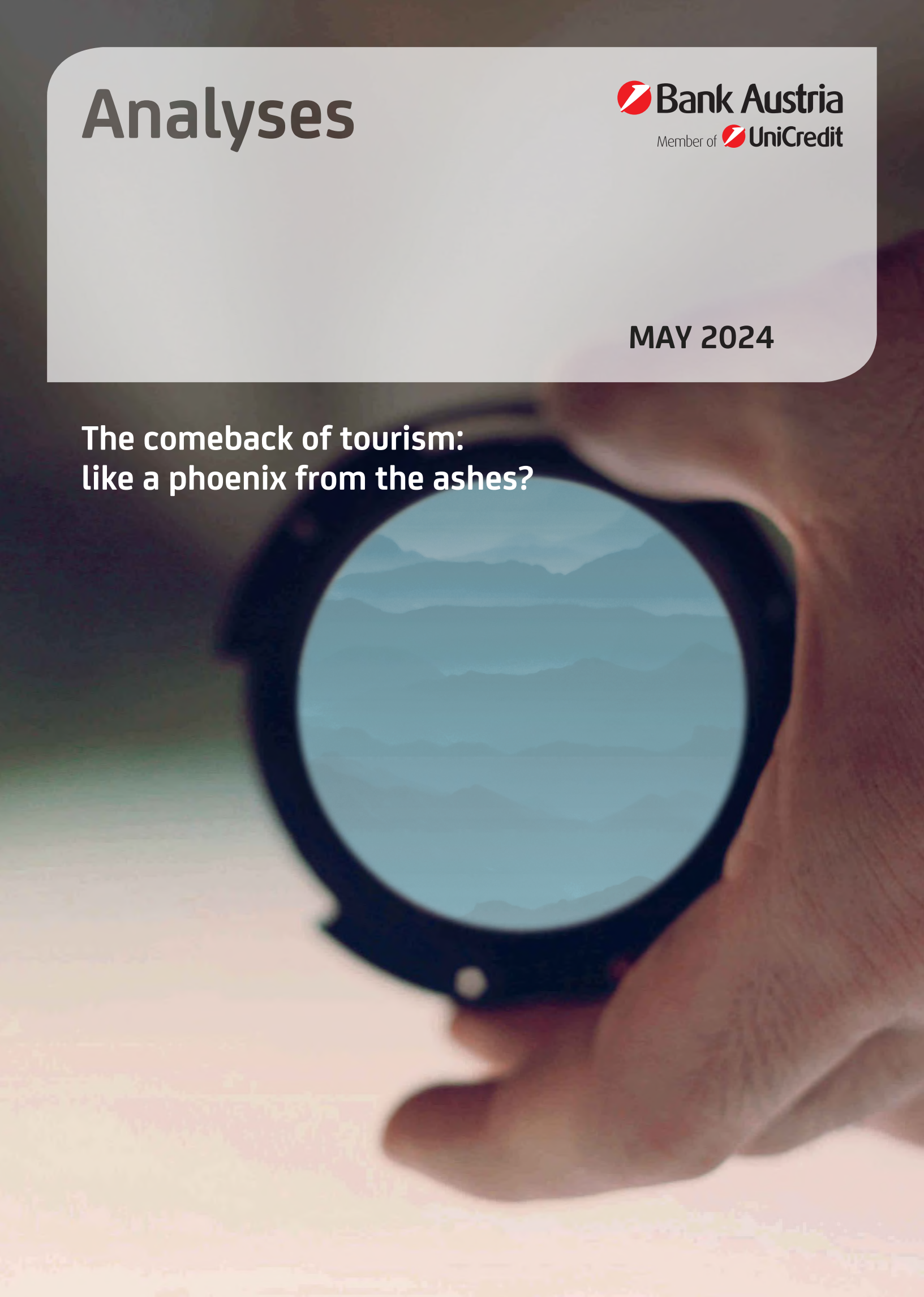


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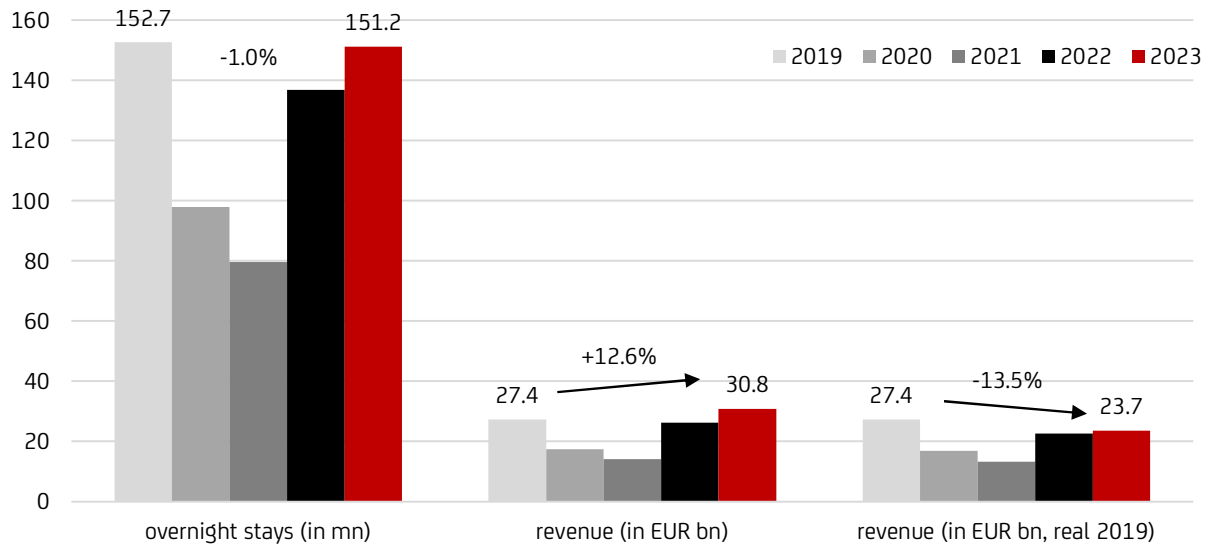
MAY 2024

**The comeback of tourism:
like a phoenix from the ashes?**



MORE OVERNIGHT STAYS AND REVENUE, BUT THE TOURISM INDUSTRY ULTIMATELY HAD LESS LEFT OVER THAN IN 2019

Tourism in Austria (2019-2023)



- The number of overnight stays in Austria rose by 10.4% year-on-year to 151.2 million in 2023. This means that the number of overnight stays almost reached the record level of 152.7 million from 2019, before the coronavirus crisis brought tourism to a standstill.
- Tourism revenue even increased by 17.3 percent in 2023 compared to 2022 to 30.8 billion euros. This was 12.6 percent higher than the previous record year of 2019. However, adjusted for prices, revenue in 2023 was 13.5 percent lower than in 2019. According to our estimates, Tyrol recorded the highest real revenue losses, while Vienna also recorded higher revenue in real terms in 2023 than in 2019.
- Average tourist spending per overnight stay exceeded the EUR 200 level for the first time in 2023, which was mainly due to higher spending by foreign guests. Price-adjusted expenditure per overnight stay remained below the 2019 result. Only tourists from some Eastern European countries, such as Russia, spent more on average per day in real terms in 2023 than in 2019.

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Imprint

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As of May 2024

151.2 million overnight stays in Austrian accommodation establishments in 2023

Number of overnight stays in 2023 almost at all-time high from 2019

After the pandemic-related slump, the tourism sector in Austria made a strong comeback. The increase in overnight stays of over 70 percent in 2022 was followed by further double-digit growth in 2023. The number of overnight stays by foreign and domestic guests rose to 151.2 million, an increase of 10.4 percent compared to 2022. The number of overnight stays in domestic accommodation establishments was therefore only 1.5 million or 1 percent below the absolute record set in 2019, making it the second strongest in history.

Styria, Vorarlberg, Upper Austria, Salzburg and Burgenland exceeded the overnight stays of the record year 2019 in 2023

Styria surpasses highest number of overnight stays from 2019

The general recovery in city tourism resulted in the strongest increase in overnight stays of all federal states for the federal capital Vienna in 2023, at over 30 percent compared to 2022. However, the number was almost 2% below the 2019 result, which was mainly due to the reluctance of foreign holidaymakers, especially from more distant destinations. In contrast, more Austrian residents spent their vacations in Vienna in 2023 than in 2019. While the shortfall compared to the record from 2019 was above average, especially in Lower Austria (-4.4 percent) and Tyrol (-3 percent), the majority of Austrian federal states set new overnight stay records in 2023. At 1.37 million, the number of overnight stays in Styria in 2023 was 3.3 percent higher than in 2019. In contrast to the development in Vienna, this was primarily due to the increased attractiveness of Styria for tourists from abroad.

Tourism revenue rose to 30.8 billion euros in 2023, 12.5% higher than in 2019

New record for nominal tourism revenue

In contrast, a new record was set for nominal revenue from travel in 2023. At EUR 30.8 billion from domestic and international travel combined, Austria generated almost EUR 3.5 billion or 12.5 percent more revenue than in 2019, the year with the previous record before the outbreak of the coronavirus pandemic. Following the sharp drop in tourism revenue from abroad during the pandemic, there has been a particularly strong recovery in this guest segment over the past two years. In the meantime, the percentage distribution of total revenue between revenue from domestic tourism and international tourism has returned to exactly the same ratio as before the outbreak of the pandemic, at 25 percent to 75 percent.

Depending heavily on the respective guest structure, we estimate that tourism revenue in 2023 was higher in all federal states than in the previous record year of 2019. Using a model based on the shares of the individual countries of origin in total overnight stays in the respective federal states and the average expenditure of the respective guests per overnight stay, we have estimated the tourism revenue of the Austrian federal states for 2023.

Chart 1: Overnight stays in Austria

(yoy in %)

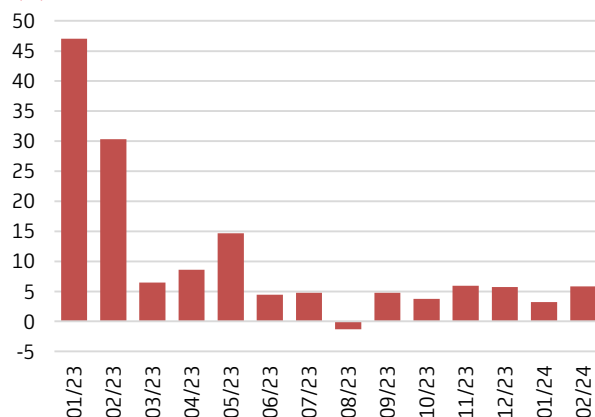
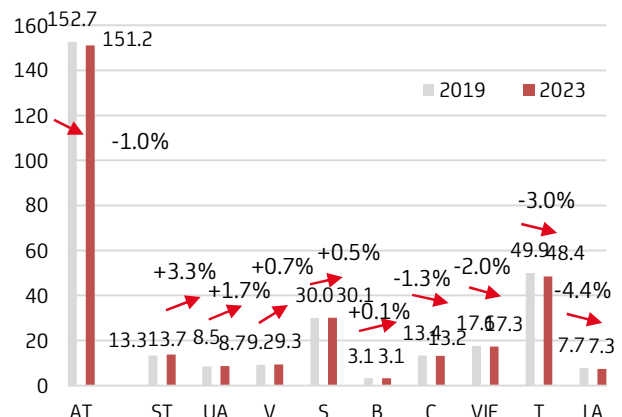


Chart 2: Overnight stays in the federal states

(in mn)



Source: OeNB, Statistik Austria, WIFO, UniCredit Research

Highest tourism revenue of all federal states in Tyrol, but lowest increase compared to 2019

Strongest increase in revenue since 2019 in Vienna

Significant real decline in tourism revenue in Austria of 13.5% since 2019

Revenue per overnight stay exceeded the EUR 200 level for the first time in 2023

Tyrol recorded the highest tourism revenue from domestic and international travel combined, with an estimated EUR 9.4 billion or a share of over 30 percent of Austria's total value of EUR 30.8 billion. Although tourism revenue in Tyrol was therefore around EUR 500 million higher than the comparable figure from 2019, the 5.5 percent increase was the lowest of all federal states. The varying development of overnight stays by individual countries of origin led to the highest increase in revenue of over 30 percent in the federal capital of Vienna compared to the previous record year of 2019. Above-average growth compared to 2019 was also achieved in Styria with an increase of almost 19 percent to EUR 2.8 billion and in Upper Austria with an increase of over 15 percent to EUR 1.8 billion.

..but price-adjusted tourism revenue was lower than in 2019

However, the increase in total revenue is put into perspective in view of the high inflation in the tourism sector. Adjusted for prices, revenue in 2023 was 13.5 percent lower than in 2019 as prices in the accommodation and restaurants product group in Austria rose by 30.1 percent in this period, significantly more than the general inflation rate of 2.2 percent. Nevertheless, real income from tourism increased by 4.5 percent in 2023 compared to the previous year, with nominal income rising by around 17 percent and prices for tourism services increasing by 12.2 percent.

In the individual federal states, only in Vienna was the nominal increase in tourism revenue compared to 2019 sufficient to avoid losses in real terms. In all other federal states, there was a sharp drop in real revenue compared to the pre-pandemic period. The declines were particularly sharp in Tyrol (19 percent) and Salzburg (15 percent).

Sharp change in revenue per overnight stay

As total income from tourism has risen by 12.5 percent since 2019, while the number of overnight stays in 2023 was still around 1 percent below the record year, there was a significant increase in income per overnight stay to an average of EUR 204. With an increase of over 14 percent, there was a slightly stronger increase in expenditure per overnight stay by foreign tourists in Austria to an average of EUR 207. Spending per overnight stay by domestic tourists rose by 12.4 percent compared to 2019 to EUR 194.

Taking inflation into account during this period, there was a significant decline in real daily spending by tourists in Austria, although this did not affect tourists from all countries of origin. However, the nominal total expenditure of tourists from all countries of origin of an average of EUR 204 per overnight stay in 2023 only corresponded to EUR 157 in 2019,

Chart 3: Nominal tourism revenue
(in EUR bn)

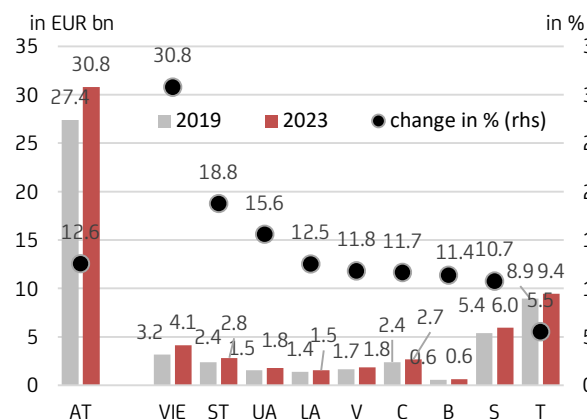
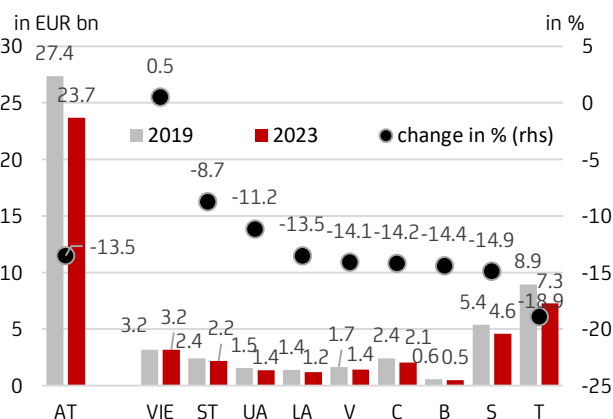


Chart 4: Real tourism revenue
(real at 2019 prices, in EUR bn)



Source: OeNB, Statistik Austria, WIFO, UniCredit Research

adjusted for price. This means that real expenditure per overnight stay was 12.6 percent below the record result from 2019. At 13.6 percent, the real decline in expenditure was slightly higher for residents than for foreign guests.

The decline in tourism revenue from guests from China (minus 21.7 percent) and Turkey (minus 26 percent) was particularly sharp. However, guests from Germany, who were responsible for the most overnight stays in Austria with 57.4 million and an increase of 750,000 compared to 2019, also spent significantly less in Austria in real terms than in 2019. The average expenditure per overnight stay fell from EUR 163 in 2019 to just EUR 140 (at 2019 prices) in 2023. This means that many more tourists came to Austria from Germany in 2023, who also spent more per overnight stay on average, but received significantly fewer services in real terms. This development is due to the trend towards cheaper accommodation. In order to be able to enjoy a vacation after the pandemic despite lower purchasing power, a reduction in the quality of accommodation was accepted. While this behavior seemed to be the norm for all guests from Western and Southern Europe, guests from Eastern Europe in particular were in a spending mood. The average expenditure per overnight stay by guests from Russia increased the most in real terms compared to 2019, at 20 percent, although the number of overnight stays fell significantly due to the changed geopolitical conditions. Tourists from Romania, Poland and Croatia also increased their daily spending in real terms compared to 2019. This trend could be linked to the return of unrestricted tourism. This development could be related to the fact that cross-border shopping trips are once again possible without restrictions, in some cases without overnight stays.

Tourists from Romania, Poland and Croatia even increased their daily spending in real terms compared to 2019

Summary

Austrian tourism recovered very quickly after the pandemic-related slump. With 151.2 million overnight stays in 2023, the absolute record set in 2019 was almost equaled. While vacations in Austria are once again as attractive to domestic tourists as they were before the coronavirus pandemic, slightly fewer foreign tourists are coming to Austria after the pandemic. In particular, the number of overnight stays by tourists from more distant countries of origin, such as China or Japan, is significantly lower than in 2019. However, this is probably also due to the course of the pandemic and the associated travel restrictions, as the number of overnight stays by tourists from the USA is still almost two percent higher than in 2019. Particularly important for the strong comeback of the Austrian tourism industry, however, was the significant increase in German tourists, who accounted for 38 percent of total overnight stays in Austria in 2023, a higher share than in 2019.

Tourism comeback brings overnight stays almost to 2019 record level

Chart 5: Revenue from tourism 2023
(by most important countries of origin, in EUR mn)

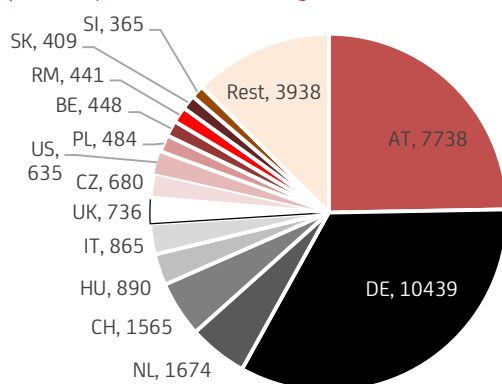
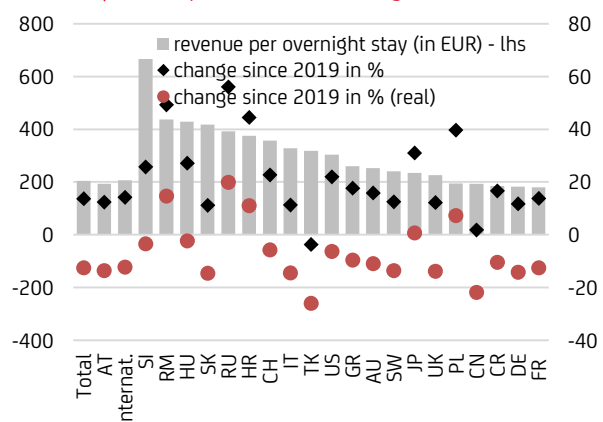


Chart 6: Revenue per overnight stay 2023
(in EUR, by most important countries of origin)



Source: OeNB, Statistik Austria, WIFO, UniCredit Research

Tourism revenue rose to 30.8 billion euros in 2023

However, price-adjusted tourism revenue fell by 13.5 percent compared to 2019

Domestic tourists slightly more economical than foreign guests

While overnight stays in 2023 almost reached the record level of 2019, tourism revenue in Austria significantly exceeded the 2019 result. Tourism revenue even amounted to EUR 30.8 billion in 2023, 12.5 percent more than in 2019.

However, adjusted for prices, revenue in 2023 was 13.5 percent below the 2019 level. According to our estimates, almost all federal states generated less revenue in real terms in 2023 than before the outbreak of the pandemic. Tyrol recorded a particularly sharp decline. Only in Vienna did revenue actually increase slightly in real terms compared to 2019.

The average revenue per overnight stay in Austria in 2023 was also below the 2019 figure when adjusted for price, with a slightly sharper decline in revenue from domestic guests than from foreign guests. Only guests from some Eastern European countries also increased their daily expenditure in real terms compared to 2019.

